Province of
British Columbia

# EDUCATION FUNDING in BRITISH COLUMBIA

MINISTRY OF EDUCATION

(Public Schools)

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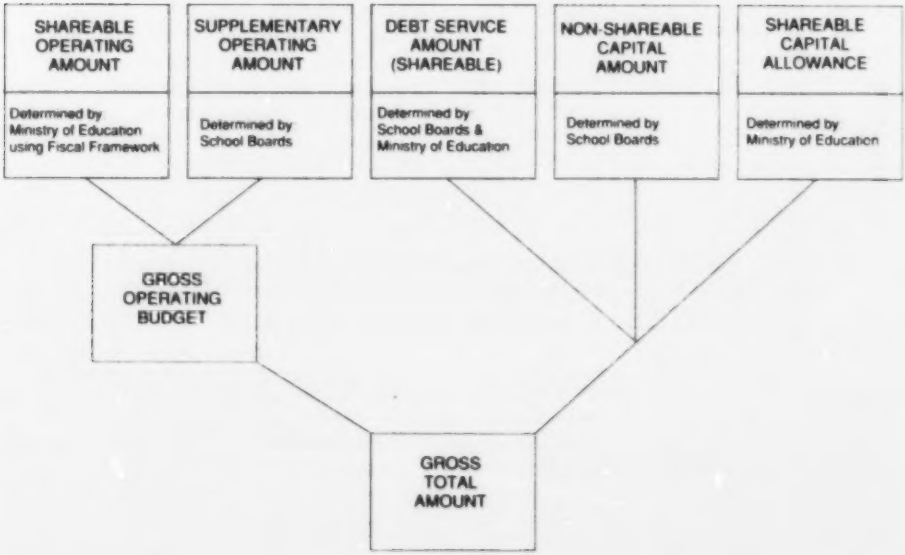
# EDUCATION FUNDING IN BRITISH COLUMBIA
## (Public Schools)

### Responsibility/Accountability

The responsibility for funding and managing the public education system is shared by the provincial government and locally-elected school boards. Both parties have to take into consideration their ability to pay for programs and services and both have to consider the public interest and public accountability.

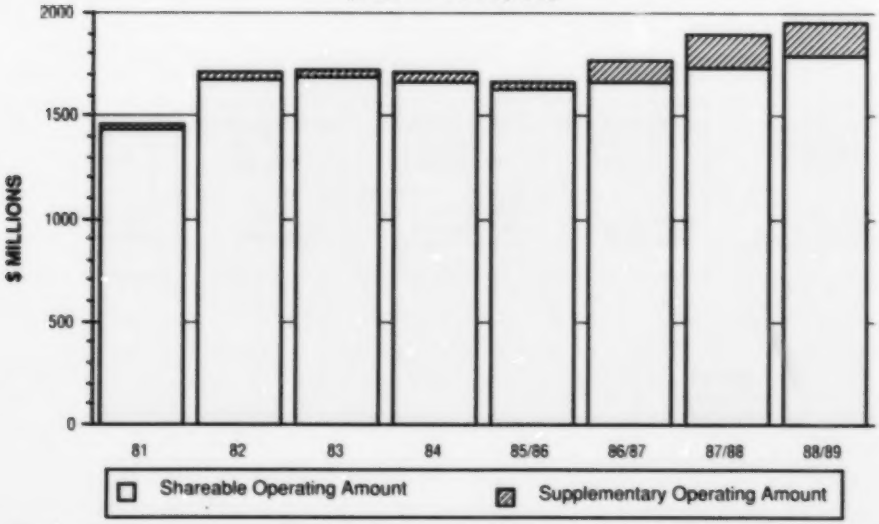
### The Budget System


SHAREABLE OPERATING AMOUNT
Determined by Ministry of Education using Fiscal Framework
SUPPLEMENTARY OPERATING AMOUNT
Determined by School Boards
DEBT SERVICE AMOUNT (SHAREABLE)
Determined by School Boards & Ministry of Education
NON-SHAREABLE CAPITAL AMOUNT
Determined by School Boards
SHAREABLE CAPITAL ALLOWANCE
Determined by Ministry of Education
GROSS OPERATING BUDGET
GROSS TOTAL AMOUNT

The government has responsibility for establishing an amount of funding which it judges necessary to provide a sound basic education for all students throughout the province. This funding amount is called the ***shareable operating budget*** which is shared by government through the provision of grants and by school boards through local residential taxation.

School boards hold responsibility to set their own budgets according to the educational needs and wishes of their local communities. If boards choose to set standards and budgets higher than the shareable operating budget set out by the province, the funding for that ***supplementary*** amount must be raised locally, primarily through ***additional*** residential taxation.

**Shareable and Supplementary Amounts**
**(1981 - 1988/89)**

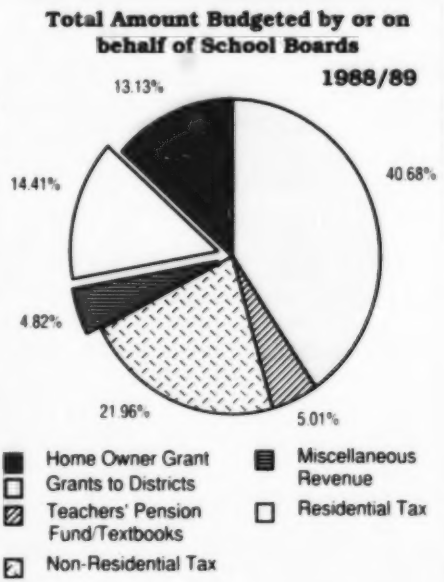


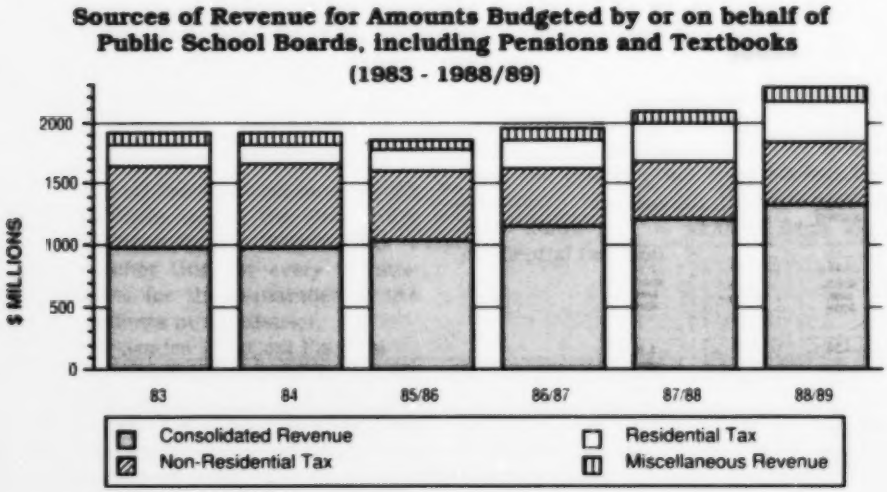

For Comparative purposes, the Provincial Resource Programs amount ($10.6M) was added to 1987/88 and $11.7M was added to 1988/89 Shareable Operating Amounts.

## Funding for Public Schools

Approximately 80 percent of the cost of education is funded by the provincial government from general revenue, which includes sales tax revenue, income tax revenue and a school tax on commercial and industrial property. Approximately 15 percent of the cost is funded through local property taxes. The remaining five percent is funded through other miscellaneous revenues collected by school boards.

The provincial home owner grant program reduced the amount paid by residential taxpayers to 15% of the total amount budgeted. In the1987/88 school year, for example, the home owner grant program reduced the amount payable by residential taxpayers by 47 percent, from $591.5 million to $313.3 million, or by $278.2 million.



# The Fiscal Framework

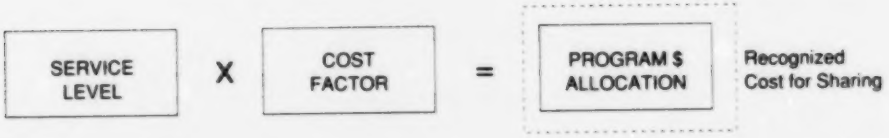
SCHOOL DISTRICT

| FUNCTIONS | 1 INSTRUCTION K-7 | 2 INSTRUCTION 8-12 | 3 SPECIAL PROGRAMS | | 4 DIST. ADMIN & INSTRUCT SUPPORT SERV | 5 OPERATIONS & MAINTENANCE | 6 AUXILIARY SERVICES | 7 TRANSPORTAT & HOUSING | 8 NON-SHAREABLE CAPITAL | 9 DEBT SERVICE | FUNCTIONS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| PROGRAMS | 1.01 KINDER-GARTEN | 2.02 PROGRAM 8-12 | 3.19 MULTIPLE HANDICAPPED | 3.30 ENGLISH AS A SECOND LANGUAGE | 4.40 BOARD OF SCHOOL TRUSTEES | 5.41 OPERATIONS & MAINT ADMINISTRAT | 6.07 DISTRICT RESOURCE CENTRE | 7.41 TRANSPORT & HOUSING ADMINISTRAT | 8.80 SITES | 9.90 SINKING FUNDS | PROGRAMS |
| | 1.02 PROGRAM 1-7 | 2.03 CAREER PREP | 3.20 MODERATELY MENTALLY HANDICAPPED | 3.31 INDIAN EDUCATION | 4.11 EDUCAT ADMINISTRAT | 5.50 PLANT MAINTEN-ANCE | 6.90 CORRESPON-DENCE SCHOOL | 7.70 REGULAR BUS SERVICE | 8.81 NEW BUILDINGS | 9.91 DEBENTURES | |
| | 1.04 LEARNING ASSISTANCE | 2.04 LEARNING ASSISTANCE | 3.21 SEVERELY HANDICAPPED | 3.32 GIFTED | 4.41 BUSINESS ADMINISTRAT | 5.51 CUSTODIAL SERVICES | 6.81 CONTINUING EDUCATION | 7.71 SPECIAL PROGRAMS TRANSPORT | 8.82 RECON-STRUCTION & ADDITIONS | 9.92 BANK TERM LOANS | |
| | 1.05 LANG. & CULTURAL PROGRAMS | 2.05 LANG. & CULTURAL PROGRAMS | 3.22 PHYSICALLY HANDICAPPED | 3.33 HOSPITAL PROGRAMS | 4.42 PERSONNEL RELATIONS | 5.52 MAINTEN-ANCE OF GROUNDS | 6.13 SCHOOL HEALTH SERVICES | 7.72 EXTRA-CURRICULAR TRANSPORT | 8.83 EQUIPMENT | 9.93 TEMPORARY BORROWING (CAPITAL) | |
| | 1.06 PROGRAMME CADRE DE FRANCAIS | 2.06 PROGRAMME CADRE DE FRANCAIS | 3.23 VISUALLY IMPAIRED | 3.34 HOMEBOUND PROGRAMS | 4.43 DISTRICT SUPPORT SERVICES | 5.53 VEHICLE SERVICE & MAINT | 6.82 SUPPLIES FOR RESALE | 7.73 HOUSING | | 9.94 TEMPORARY BORROWING (OPERATING) | |
| | 1.07 LIBRARY/ RESOURCE CENTRE | 2.07 LIBRARY/ RESOURCE CENTRE | 3.24 HEARING IMPAIRED | 3.13 SPECIAL HEALTH SERVICES | 4.44 TESTING/ ASSESSMENT | 5.54 REP. & MAINT OF INSTRUCT EQUIPMENT | 6.83 COMMUNITY USE OF FACILITIES | | | | |
| | 1.08 COUNSEL-LING | 2.08 COUNSEL-LING | 3.25 AUTISTIC | 3.08 IDENTIFICAT./ ASSESSMENT/PLAN NING | | 5.55 REP. & MAINT OF NON-INST EQUIPMENT | 6.84 OTHER | | | | |
| | 1.09 IMPLEMEN-TATION IN-SERVICE | 2.09 IMPLEMEN-TATION IN-SERVICE | 3.26 SEVERE LEARNING DISABLED | 3.09 IMPLEMEN-TATION IN-SERVICE | | 5.56 UTILITIES | | | | | |
| | 1.10 LOCALLY DEVELOPED | 2.10 LOCALLY DEVELOPED | 3.27 EDUCABLE MENTALLY HANDICAPPED | 3.10 LOCALLY DEVELOPED | | 5.57 FACILITY LEASES | | | | | |
| | 1.11 SCHOOL-BASED ADMIN | 2.11 SCHOOL-BASED ADMIN | 3.28 SEVERE BEHAVIOR | 3.11 SCHOOL-BASED ADMIN | | | | | | | |
| | 1.12 SUMMER SCHOOL | 2.12 SUMMER SCHOOL | 3.29 REHABILI-TATION | 3.35 SPECIAL PROV RES PROGRAM | | | | | | | |
| | 1.13 EQUIPMENT SUPPORT | 2.13 EQUIPMENT SUPPORT | | | | | | | | | |

## Shareable Operating Budget

A system called the 'fiscal framework' is used to describe a sound basic education program suitable to meet the educational needs of students throughout the province. A series of provincially acceptable service levels or standards are set out along with cost factors indicating the acceptable costs in which the province is willing to share.

### Program Funding Chart




These service levels and cost factors reflect the different needs of districts such as the annual requirements of small, isolated school districts which have a number of small schools scattered over large geographic areas or programs for special needs or handicapped children or unique transportation problems.

Example:

- For Grades 1-7 (Service Level) One (1) Teacher Unit for every 25 students up to the first 1600 students in the district plus 1 Teacher Unit for every 26 students for the remainder of the students in the district.
- For Grades 1-7 (Cost Factors) One (1) Teacher Unit = District Instructional Cost of $41,638 (Salary, Benefits) plus $3,500 for supplies/equipment and $500 for substitute time.
- District has 4,600 grade 1-7 students which equates to 179.4 Teacher Units each costing $45,638 for total shareable funding of $8,187,457 for Grades 1-7 regular program.

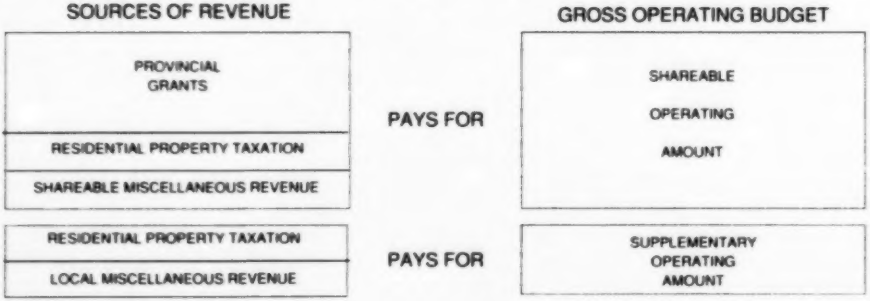
All of the programs and service levels are calculated and the ***total shareable amount*** is determined. Direct grants from the province are then allocated in relation to this amount. Districts pick up their share of this amount from local residential taxation.

## Supplementary Operating Amount

School boards may budget expenditures above what the 'fiscal framework' provides but these amounts must be raised totally through local residential taxation and/or local and miscellaneous revenue collected by school boards. This autonomy leads to accountability of boards to their communities for these additional expenditures.

In 1987/88 school boards exceeded the 'fiscal framework' by an average of 10% varying from 0% to 17% across the province. In 1988/89 school boards are budgeting to exceed the fiscal framework by an average of 8.5% varying from 0% to 18.6%.

## School Financing




## Shareable Debt Service Costs

The province shares in the cost of most capital projects in the form of grants to offset debt service or interest charges for land acquisition, school and classroom construction, major equipment and building renovations.

The amount provided varies from district to district but the average across the province is 86% from provincial funds and 14% from local residential taxes and/or local revenue.

## Non-Shareable Capital Amounts

School boards may budget amounts in excess of the shared capital amount but again they must raise these additional funds through local residential taxation. These amounts usually cover such things as building/equipment maintenance, vehicle purchases or the purchase of major equipment.

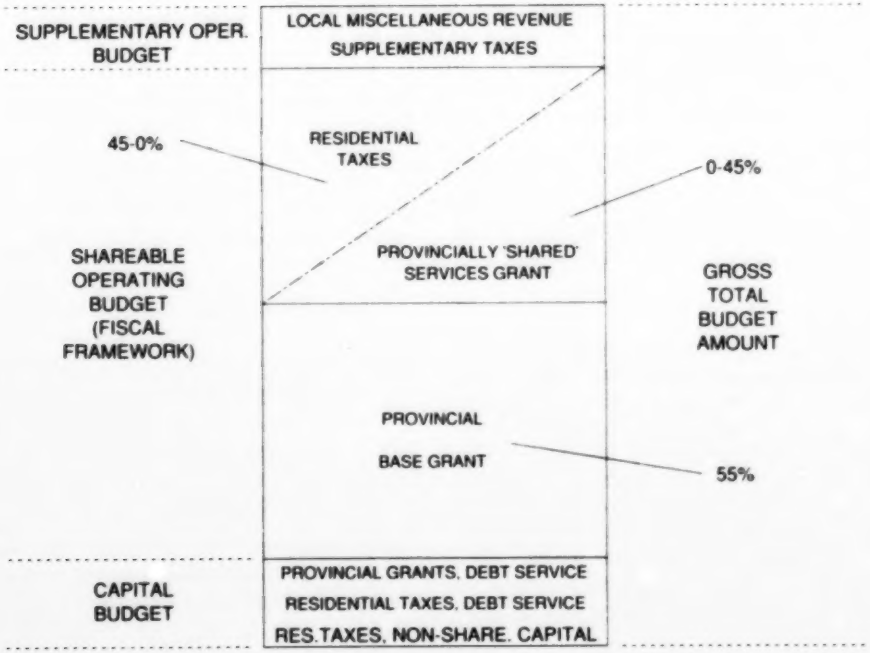
## Provincial Government Contributions

The funding system is intended to ensure that all districts have sufficient funds to provide services identified in the 'fiscal framework', without putting undue burden on individual property owners.

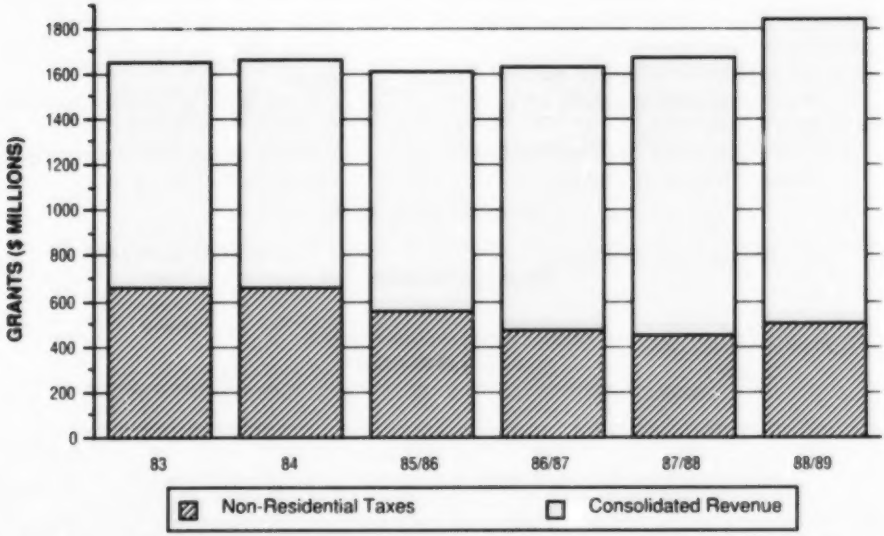
Provincial ***operating*** grants for each school district may include:

1. Base Grant (55%): received by **every** district regardless of the wealth of the district as determined by residential assessed value in the district relative to the provincial assessed value per pupil.
2. Shared Services Grant (additional 0-45%): provided according to a formula which reflects the ability of each district to raise funds

### Budget/Funding



**Grants for Public Education:**
**Consolidated Revenue and Non-Residential Taxes**
**(1983 - 88/89)**




NOTE: From 1983 to 1987/88, provincial grants to education have increased by over $239 million. In the same period, non-residential taxes have declined $215.8 million.

through local residential taxes. The formula places a higher percentage of funds in districts which have a relatively low tax base.

3. Special Aid Grant: to support supplementary budget amounts in districts having very low residential assessment bases.
4. Provincial Program Grants: to provide for textbooks and provincial special resource programs for handicapped children.
5. Special Project Grants: to support government initiatives such as computer technology, Pacific Rim Programs.

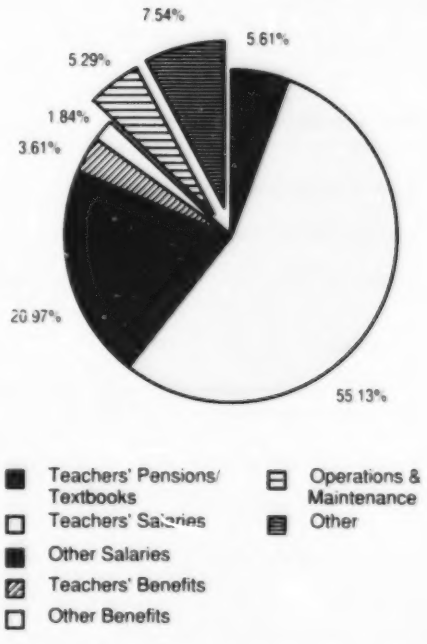
In addition, the province provides funding for special initiatives such as the Passport to Education Program.

In addition to the grants to support school district operating budgets, the province shares in the capital costs of school construction and equipment. Grants are allocated for the payment of interest and sinking fund charges according to a formula tied again to the ability of the district to raise funds through local residential taxation. Across the province the provincial contribution ranges from 58.2 percent to 96.5 percent, with the average being 86%..

The province also provides grants to reduce local school taxes. These expenditures represent the cost of the provincial **Home Owner Grant** program which offsets property taxes paid by home owners to finance the local share of school district budgets. The $380 grant ($630 for senior citizens) which is paid to home owners as a deduction from their property taxes, results in a significant number of property owners paying little or no school taxes. Any excess home owner grant is applied to reduce municipal taxes.

The province, on behalf of school districts, contributes 100 percent of the employer's statutory contribution to the **Teachers' Pension Fund** for all teachers employed by school districts. In addition, the province funds the employer's portion of medical and dental expenses for all retired teachers.

**Components of School District Gross Operating Budgets * (1987/88)**




* NOTE: Estimated, including amounts budgeted by province for pensions and textbooks.

**Provincial Contributions to Public School Expenditures**
**($ Millions)**

| | PROVINCIAL FISCAL YEAR 1987/88 | 1988/89 | INCREASE (PERCENT) |
|---|---|---|---|
| Contributions to school district operating budgets [1] | 1,187.86 | 1,298.34 | 9.3 |
| Contributions for schools debt service | 108.56 | 118.32 | 9.0 |
| Grants to reduce local school taxes | 281.20 | 298.91 | 6.3 |
| Teachers' Pension Fund | 112.57 | 121.45 | 7.9 |
| Special Projects | 40.25 | 18.65 | ---- |
| **TOTAL** | **1,730.44** | **1,855.67** | **7.2** |

[1] Includes contributions from commercial and industrial school property taxes of $447 million in 1987/88 and $500 million for 1988/89.

## Residential Taxpayer Contributions

The residential taxpayer contributes to public school expenditures through annual school taxes. The level of taxes set is based on three main factors:

- The local ***share*** of the shareable operating budget determined by the province and the local share of debt service costs for capital projects approved by the province.
- The full cost of additional services (supplementary budget) school districts decide to provide in excess of the basic level of education recognized in the shareable operating budget and the cost of non-shareable capital determined by local boards.
- The amount of locally raised funds, surpluses and miscellaneous revenues applied to local school district expenditures.

These taxes are offset by the provincial Home Owner Grant and residential taxpayers pay the remaining amount. More than one quarter of gross residential school taxes are the result of extra expenditures by school districts above the shareable operating budget.

The actual tax paid can vary considerably from one homeowner to another. The tax rate is determined by the average assessed value. When this tax rate is applied, the tax to be paid depends on the actual assessed value of that particular home, which can be quite different from the average.

## Summary

This explanation of how education financing is determined should make any review of statistical data more meaningful to the reader. In order to equalize educational opportunities to the extent possible throughout the province, the funding formula is complex because of the many factors considered.

*For more detailed information related to the school district in your area, please contact your local Board of School Trustees.*

Notes: